

Message Text

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ACTION NEA-05

INFO OCT-01 ISO-00 EB-05 DRC-01 RSC-01 /013 W

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R 241008Z APR 74

FM USINT BAGHDAD

TO USDOC WASHDC

SECSTATE WASHDC 0000

INFO AMEMBASSY BEIRUT

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY TEHRAN

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BEIRUT FOR RTDO

EO 11652: N/A

TAGS: BEXP, IZ

SUBJECT: U.S.-IRAQI COMMERCIAL RELATIONS

REF: BAGHDAD 28 AND 210

1. USDOC OFFICERS CONGER AND HALDANE HAD, BY IRAQI STANDARDS, HIGHLY SUCCESSFUL AND ENCOURAGING VISIT. HIGHLIGHT WAS ONE AND ONE HALF HOUR MEETING APRIL 24 WITH ISSAM AL-CHALABI, DIRECTOR OF FOLLOW-UP COMMITTEE FOR OIL AFFAIRS AND IMPLEMENTATION OF AGREEMENTS. THIS COMMITTEE IS MOST HIGH POWERED ECONOMIC BODY IN IRAQ TODAY (BAGHDAD 28). FURTHERMORE, MEETING WITH CHALABI WAS SET UP BY MFA WITH PERSONAL AUTHORIZATION OF MFA UNDER SECRETARY TAQA.

2. AL-CHALABI EMPHASIZED THAT IRAQ IS VERY SERIOUS ABOUT IMPLEMENTING 1974 INVESTMENT PROGRAM OF 4 BILLION DOLLARS AND IT EXPECTS TO SIGN CONTRACTS FOR ALL MAJOR PROJECTS DURING 1974. FOLLOW-UP COMMITTEE SUPERVISES NEGOTIATIONS AND SIGNING OF CONTRACTS AND MINISTRIES IMPLEMENT.

HOWEVER, FOLLOW-UP COMMITTEE WILL CONTINUE TO BE INVOLVED THROUGHOUT EXECUTION TO RESOLVE ANY

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PROBLEMS--MAJOR OR MINOR--THAT THREATEN TO DELAY

IMPLEMENTATION.

3. AL-CHALABI STRESSED THAT AMERICAN COMPANIES ARE WELCOME TO COMPETE AND, WITH MORE WILLINGNESS ON THEIR SIDE, CAN ENTER IRAQI MARKET IN BIG WAY. HE MADE SPECIAL POINT THAT IRAQI AIRWAYS BEING RE-EQUIPPED BY BOEING AND BROWN AND ROOT DOING COUNTRY'S HIGHEST PRIORITY PROJECT. GOI VERY SATISFIED WITH BROWN AND ROOT PERFORMANCE THUS FAR, AND IF DEEP SEA TERMINAL COMPLETED ON SCHEDULE, IT WILL HAVE MAJOR IMPACT IN FAVOR OF AMERICAN FIRMS IN GENERAL. AL-CHALABI SAID IRAQI PRIORITIES IN ORDER OF IMPORTANCE ARE DELIVERY AND COMPLETION DATES, QUALITY, AND COST. WHILE FINANCING MAY BE REQUESTED FOR PURPOSES OF COST ANALYSIS, IT IS NOT LIKELY TO BE USED AND IN ANY CASE IT IS NOT A MAJOR CONSIDERATION. FURTHERMORE, U.S. COMPANIES WILL NOT BE DISCRIMINATED AGAINST BECAUSE OF LACK OF GOVERNMENT-TO-GOVERNMENT AGREEMENT SUCH AS BEING NEGOTIATED WITH FRANCE, JAPAN AND ITALY. HE CITED CASE OF 300 MILLION DOLLAR LPG PLANT WHICH MENTIONED IN JAPANESE AGREEMENT BUT WHICH NOW BEING TENDERED. IN FACT DELEGATION JUST LEFT FOR NEW YORK TO COMPLETE TENDER SPECIFICATIONS WITH CHEMICO AND IT HAS BEEN AUTHORIZED TO PASS TENDER DIRECTLY TO BECHTEL AND BROWN AND ROOT.

4. WHEN ASKED TO DEFINE IRAQI PRIORITY PROJECTS, CHALABI SAID AFTER 15 YEARS OF STAGNATION, ALL SECTORS HAVE PRIORITY. HE RAN DOWN MAJOR PROJECTS IN AGRICULTURE, PETROLEUM INDUSTRY, COMMUNICATIONS, AND CONSTRUCTION AS CONTAINED IN BAGHDAD 210. IN RESPONSE TO WHAT USDOC MAY BE ABLE TO DO TO CONTRIBUTE TO IRAQI EFFORTS, AL-CHALABI SAID THAT WHILE IT PREFERS TO CHOOSE FIRMS TO WHICH TO SEND TENDERS, IN SOME INSTANCES IT WOULD LIKE HELP IN PERSUADING MORE U.S. FIRMS TO BID. IRAQ'S POLICY IS NOW TO REIMBURSE ALL UNSUCCESSFUL BIDDERS FOR EXPENSES. SECONDLY, USDOC COULD BE HELPFUL IN ENCOURAGING U.S. FIRMS TO SPEED UP DELIVERY DATES OF GOODS AND MATERIALS.

5. CONGER AND HALDANE ALSO MET WITH VICE CHAIRMAN OF INOC, DIRECTOR GENERAL OF STATE MACHINERY IMPORT COMPANY, DIRECTOR GENERAL OF AFRICAN-IRAQI IMPORT COMPANY, IMPORT MANAGER LIMITED OFFICIAL USE

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STATE COMPANY FOR SCIENTIFIC AND PRECISION INSTRUMENTS, DURING WHICH NEW TRADE OPPORTUNITIES DEVELOPED. (REPORTED SEPTELS).
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 24 APR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974BAGHDA00251
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740101-0434
From: BAGHDAD
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740419/aaaaaqa.tel
Line Count: 111
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: BAGHDAD 28 AND 210
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 19 AUG 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <19 AUG 2002 by elyme>; APPROVED <13 FEB 2003 by GolinoFR>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: U.S.-IRAQI COMMERCIAL RELATIONS
TAGS: BEXP, IZ
To: COM STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005